

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 19, 2010
POSITION: Oppose
SPONSOR: California State Treasurer

BILL NUMBER: AB 2579
AUTHOR: N. Evans

BILL SUMMARY: Master Plan for Infrastructure Financing

This bill would create a commission tasked with preparing a comprehensive report on financing, building, and maintaining the State of California's infrastructure for transportation, education, housing, and water through the year 2050. This bill would require the report by December 1, 2012, and would dissolve the commission 30 days after the report's issuance.

FISCAL SUMMARY

This bill would authorize funding two positions with unspecified salaries. The two positions are a full time commission chair (Chair) appointed by the Governor and an exempt executive director (Director) appointed by the Chair. The bill stipulates the commission's operational funds would be appropriated by the Legislature and commission staff would be loaned from related agencies and organizations.

Finance estimates the commission would require at least \$400,000 in funds annually as a result of the of staffing, operations, per diem, and facilities costs associated with this bill.

This estimate includes:

- Annual salary and benefits for the Chair (\$161,000) and Director (\$133,000).
- Annual operating expenses of \$25,000 for the Chair and Director, an Associate Government Program Analyst, an Executive Assistant, and an Office Technician.
- Annual facilities, utilities, and indirect costs of \$35,000 for the Chair and staff of the commission.
- Annual per diem expenses of \$40,000 for 11 commission members.

COMMENTS

Finance opposes the bill for the following reasons:

- The commission's analysis would not address the program drivers that determine the state's infrastructure needs. Infrastructure planning should not occur in isolation of the policy decisions that drive the programs behind those projects. "Infrastructure" is not a program unto itself, it is instead the bricks and mortar behind a set of programs that support the population of California.
- This commission would only address a sub-set of the state's needs. This bill fails to address the state's comprehensive infrastructure needs by excluding from the scope of the commission's analysis public safety, environmental restoration, criminal justice, or other programs.
- The report and recommendations produced by the commission would be duplicative of existing infrastructure reports and plans already statutorily required of the state.
- The bill would result in General Fund costs of at least \$400,000.
- This bill could cause a loss in productivity for departments currently implementing staff reduction efforts; specifically with respect to the bill's provision authorizing staff to be borrowed by the commission and task force committees.

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Analyst/Principal (0671) N. Brady	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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N. Evans

April 19, 2010

AB 2579

COMMENTS (continued)

Existing law does the following:

- Specifically defines "infrastructure" and requires the Governor to annually submit a five-year infrastructure plan to the legislature, including costs of proposed projects and related fund sources.
- Contains state planning priorities and requires all state agencies demonstrate annually that their functional planning priorities are consistent with state planning priorities.
- Requires the Governor to maintain, review, and revise a State Environmental Goals and Policy Report that gives priority to statewide land use policy, and is consistent with state planning priorities.
- Requires a variety of other reports and policies including a transportation plan, a water plan, sustainable community strategies, and greenhouse gas emissions reduction planning efforts.

This bill would do the following:

- Create an 11 member commission composed of the Treasurer or designee, and members appointed by the Governor, the Speaker of the Assembly, and the Senate Committee on Rules. The commission would meet at the call of the Chair or by request of the majority of members.
- Authorize the Chair to create at least five task force committees composed of members and nonmembers of the commission; with commission members as chairs in their respective areas of planning and financing, transportation, housing, resources and conservation, and education. Task force committees would meet at least once per month.
- Authorize a per diem allowance of up to \$300 per month for each member of the commission.
- Authorize the commission to create a master plan addressing the State of California's infrastructure financing needs until 2050. The scope of the plan would be limited to transportation, education, housing, and water.
- Require timelines for the commission to submit periodic reports to the Governor and Legislature, based on the analyses and commentary provided by the task force committees.
- Require the final report include a financing plan for California's projected infrastructure costs and declarations of the state's anticipated demographic growth for the next 40 years.
- Require all commission products incorporate opportunity for public comment and participation.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
0500/Governor Ofc	SO	No		See Fiscal Summary					0001